

SECRET

OGC9-1428

23 SEP 1959

MEMORANDUM FOR: Lt. Colonel Leroy F. Prouty, Jr., USAF
Chief, Team B, Directorate of Plans
Deputy Chief of Staff, Plans and Programs
Department of Defense
Washington 25, D. C.

SUBJECT: Renegotiation Exemption for Defense Contracts
with Air America, Inc.

REFERENCES:

- a. Memo to same addressee fr CIA, dtd 21 Mar 58, sub.: Renegotiation Exemption for Defense Contracts with Civil Air Transport
- b. Memo to CIA fr Deputy Director of Plans, DCS/P&P, Department of Defense, dtd 5 May 58, same subject

1. Previous correspondence resulted in a request from the Department of Defense signed by Mr. W. J. McNeill to the Renegotiation Board requesting exemption of contracts between CAT Incorporated and the military departments from the Renegotiation Act for the years 1957 and 1958. A prior exemption had been obtained for that company for the years 1952 through 1956, inclusive.

2. CAT Incorporated changed its name to Air America, Inc., effective 31 March 1959, but continues to perform work under contracts with the military departments under the same circumstances as existed in prior years. The same requirement for exemption from the Renegotiation Act also obtains as that act was extended up to June 30, 1962 by Public Law 86-89 of the 86th Congress, dated July 13, 1959.

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3. It would be appreciated if the Department of Defense would once more request an appropriate exemption from the Renegotiation Board. A suggested draft letter for this purpose is attached. If such a letter is executed it should be returned to this office for delivery to the Chairman of the Renegotiation Board.

s/ Lawrence R. Houston

LAWRENCE R. HOUSTON
General Counsel

Attachment

OGC:LRH:jeb
O&I-addressee
1-ADD/S
1-DDS/CM-J
1-DDP/DPD
2-General Counsel

chrono
subject-CAT

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Honorable Thomas Coggeshall
Chairman, The Renegotiation Board
Washington 25, D. C.

Dear Mr. Coggeshall:

As a result of a letter from the Department of Defense in December 1955, the Renegotiation Board on April 10, 1956 exempted CAT Incorporated, a Delaware corporation, from the requirement of renegotiation in accordance with Section 106(d)(1) of the Renegotiation Act of 1951, as amended, and Part 1455.2(d) of the Regulations of the Renegotiation Board for the years 1952 through 1956, inclusive.

As a result of a further letter of May 1, 1958 from the Department of Defense, the Board by a letter of May 16, 1958 again exempted CAT Incorporated from renegotiation of all contracts between that company and the Department of Defense and its constituent military departments for the years 1957 and 1958, inclusive.

Effective March 31, 1959 the name of the company, CAT Incorporated, was changed to Air America, Inc., and it continues to perform contractual agreements with the military departments under the same conditions as before. Therefore, it is requested that a similar waiver be granted to CAT Incorporated and its

successor Air America, Inc. for exemption from renegotiation under the extension of the Renegotiation Act of 1951 provided for by Public Law 86-89 of the 86th Congress for the years 1959 through June 30, 1962, inclusive.

Sincerely,



WASHINGTON, D. C.

REC'D DCA OCT 27 1959

October 23, 1959

Air America, Inc.
(formerly CAT Incorporated)
World Center Building
918 Sixteenth Street, N. W.
Washington, D. C.

Gentlemen:

I hereby inform you that pursuant to EBR 1455.2(d), The Renegotiation Board has exempted from renegotiation all contracts between the Department of Defense and its constituent Military Departments and CAT Incorporated and its successor, Air America, Inc., for the years 1959 through June 30, 1962, inclusive.

Very truly yours,

Thomas Coggeshall
THOMAS COGGESHALL
Chairman

Copied for -
Pres
T/C } *10/27/59*
4 - 10/27/59

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Approved For Release 2005/04/21 : CIA-RDP76-00702R000200080029-8

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WASHINGTON, D. C.

May 16, 1958

Confidential

CAT Incorporated
711 14th Street, N. W.
Washington, D. C.

Gentlemen:

I hereby inform you that pursuant to RBR 1455.2(d), The Renegotiation Board has exempted from renegotiation all contracts between the Department of Defense and its constituent Military Departments and your company, CAT Incorporated, for the years 1957 and 1958, inclusive.

Very truly yours,

Thomas Coggeshall
THOMAS COGGESHALL
Chairman

3 - 5/19/58
President }
T/C }

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WASHINGTON, D. C.

April 10, 1956

CAT Incorporated
711 14th Street, N. W.
Washington, D. C.

Gentlemen:

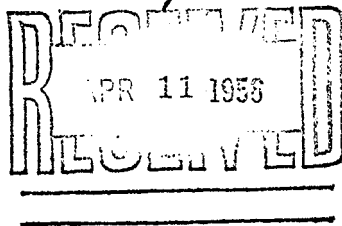
I hereby inform you that pursuant to RBR 1455.2(d), The Renegotiation Board has exempted from renegotiation all contracts between the Department of Defense and its constituent Military Departments and your company, CAT Incorporated, for the years 1952, 1953, 1954, 1955, and 1956.

Very truly yours,

THOMAS COGGESHALL
Chairman

*Copied for -
President - TPE 4/11/56*

CAT Incorporated



Treasurer / Comptroller - (VIA PRES) - TPE 4/11/56

4 - 4/11/56

The Renegotiation Board
Washington 25, D. C.

Gentlemen:

In accordance with Section 106(d)(1) of the Renegotiation Act of 1951 as amended and Part 1455.2 (d) of the Regulations of the Renegotiation Board the Department of Defense hereby requests that all contracts between this department and CAT Incorporated for the years 1952, 1953, 1954 and 1955, and all renewals or extensions thereof, be exempted from the requirement of renegotiation.

Both the Departments of the Army and the Air Force have and have had contracts with CAT Incorporated for the provision of air carrier service, aircraft maintenance service, and standby availability of air carrier service in the Far East and anticipate that similar contracts may be made for future years. In addition to the contracts with the Departments of the Army and the Air Force, certain Navy equipment is also maintained by CAT Incorporated in the Far East under the provisions of the Air Force maintenance contract. The air carrier service provided to the Department of Defense by CAT Incorporated operates generally in the area of the Far East from Japan on the north to Thailand on the south, the area varying with the current needs of the Department of Defense. The aircraft maintenance work provided for the Department of Defense through CAT Incorporated is performed on the island of Formosa. Thus, these contracts comply with the requirement for exemption in the section of the Renegotiation Act cited above in that they are "to be performed outside of the territorial limits of the United States." These contracts are of a continuing nature and are renewed annually. In the opinion of this department, the provisions of these contracts are sufficient to prevent excessive profits.

In view of the existing shortage of airlift in the Far East and the great difficulty of obtaining adequate aircraft maintenance service in that portion of the world, the services provided by CAT Incorporated to the Department of Defense are of direct and immediate concern to the defense of the United States and refusal to grant the exemption would jeopardize the success of the program. Your early and favorable consideration of this request will be appreciated.

Very sincerely,

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Ltr, subj REFDCWAAI, dtd 9 OCT 1959 cy 1 of 2 cys
w/ 1 Atch Uncl Ltr fm Asst Sec Def to Chm Renego Bd
orig & 1 cc

TO:		General Counsel CIA			
		INTERNAL ROUTING			
		TO	DATE	TO	DATE
		1		4	
		2		5	
		3		6	
DATE DISPATCHED:		IF "YES", RECIPIENT WILL DETACH TOP COPY, COMPLETE AND RETURN TO SENDER.			
SENDER WILL INDICATE IF RECEIPT IS REQUIRED <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO					
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Washington 25 D C				

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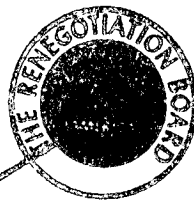
Ltr, subj: REFDCWAAI, cy 1 Of 2 cys
w/1 Atch - Ltr to Chm Renego Bd, dtd 20 Oct 59
orig & 1 cc (U)

DOCUMENT RECEIPT	TO:		INTERNAL ROUTING			
	General Counsel CIA		TO	DATE	TO	DATE
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DATE DISPATCHED:		SENDER WILL INDICATE IF RECEIPT IS REQUIRED				
		<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO				
		IF "YES", RECIPIENT WILL DETACH TOP COPY, COMPLETE AND RETURN TO SENDER.				
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WASHINGTON, D. C.

Confidential

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May 16, 1958

CAT Incorporated
711 14th Street, N. W.
Washington, D. C.

Gentlemen:

I hereby inform you that pursuant to RBR 1455.2(d), The Renegotiation Board has exempted from renegotiation all contracts between the Department of Defense and its constituent Military Departments and your company, CAT Incorporated, for the years 1957 and 1958, inclusive.

Very truly yours,

Thomas Coggeshall
THOMAS COGGESHALL
Chairman

3 - 5/19/58
President - 5/19/58
T/C

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DOCUMENT RECEIPT

REGISTRY OR CONTROL NUMBER
TBSHS 401-58

DATE DISPATCHED

TO: Mr. L. R. Houston
General Counsel
Central Intelligence Agency(5B-TSCO)
350 - 26th Street, N.W.
Washington 25, D.C.

FROM: (Return signed original receipt) RETURN TO:
Chief, Team B
Directorate of Plans, DCS/P&P
Hq USAF
ATTN: AFXPD-TB, Rm. 4D1014
Washington 25, D.C.

Each entry listed below will describe a document and its inclosures, and will be separated by a horizontal line drawn from margin to margin. Each entry will include:

1. Description of Basic Material: File number, type (number of copies and copy numbers), source, addressee, date, subject (short title, if subject is classified).

2. Number of Indorsements: Number of copies and copy numbers of each and other unclassified identifying data (as applicable).

3. Number of Inclosures: Subject (short title, if subject is classified), and other unclassified identifying data including number of copies and copy number of each (as applicable).

4. Date of last action.

DESCRIPTION OF DOCUMENT(S) (Avoid any identification which might necessitate classification of this receipt.)

(S) Memo for Mr. Houston, subj: REFDCwCAT, from AFXPD-TB, dtd _____,
1 pg, Cys 1 & 2 of 3 cys w/2 Incls:
(U) Ltr dtd 1 May 53 to Chairman from McNeill, 1 pg, orig
(U) Draft Ltr typed 14 Nov 55, 2 pgs, 1 cy

TOTAL NUMBER OF ENTRIES LISTED:

RECEIPT FOR DOCUMENT(S) DESCRIBED ABOVE IS ACKNOWLEDGED

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OGC 8-0562

2 157 1958

MEMORANDUM FOR: Lt. Col. Leroy F. Prouty, Jr., USAF
Chief, Team B, Directorate of Plans
Deputy Chief of Staff, Plans and Programs
Department of Defense
Washington 25, D. C.

SUBJECT: Renegotiation Exemption for Defense
Contracts with Civil Air Transport

1. In filing the Federal tax returns for CAT, Incorporated, the Delaware holding company, it is necessary to state whether or not the company has contracts subject to renegotiation by the Government. Because of the subsidy aspects of the CSG contract, renegotiation would present a major security hazard. Therefore, in November 1955 the Central Intelligence Agency went to Assistant Secretary of Defense, Wilfred J. McNeil, and requested that the Department of Defense present the Renegotiation Board a statement that all the CAT contracts were to be performed overseas and circumstances were such that the Government could assure against undue profits. This approach was proposed by a cleared member of the Renegotiation Board in advance. The Department of Defense did write such a letter, and as a result on April 10, 1956, the Renegotiation Board wrote a letter to CAT, Incorporated, a copy of which is attached, informing the company that it was exempted from renegotiation of all contracts between the Department of Defense and CAT, Incorporated for the years 1952 through 1956.

2. The same problem now arises for the years 1957 and 1958 in connection with the filing of the tax return due 15 June 1958. It is requested that the Department of Defense again assert the same position in writing to the Renegotiation Board. All facts remain the same as stated in my letter to Assistant Secretary McNeil of November 22, 1955, except that the subsidy provided

by the CSG contract has been reduced and certain details in connection with its contract activities have been altered.

3. The Department of Defense letter to the Renegotiation Board presumably would be substantially the same, except for the change in the years covered. I do not have a copy of that letter and would be glad to review it with you to make sure it is currently applicable. If signed it should not be mailed to the Renegotiation Board but should be hand carried to Mr. Lawrence E. Hartwig, a member of the Board with whom this has been discussed. Also, Mr. Brackley Shaw, counsel for CAT, should be present as he has conducted the negotiations with Mr. Hartwig.

Att

LAWRENCE R. HOUSTON
General Counsel

OGC:LRH:jeb

Orig & 1-Addressee

1-ADD/S

1-DDS/CM-J

1-FE/Air

1-General Counsel ☒ chrono
☒ subject-CAT

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THE RENEGOTIATION BOARD

Washington, D. C.

April 10, 1956

**CAT Incorporated
711 14th Street, N. W.
Washington, D. C.**

Gentlemen:

**I hereby inform you that pursuant to RBR 1455.2(d),
The Renegotiation Board has exempted from renegotiation
all contracts between the Department of Defense and its
constituent Military Departments and your company, CAT
Incorporated, for the years 1952, 1953, 1954, 1955, and
1956.**

Very truly yours,

s/

**THOMAS COGGESHALL
Chairman**



WASHINGTON, D. C.
April 10, 1956

CAT Incorporated
711 14th Street, N. W.
Washington, D. C.

Gentlemen:

I hereby inform you that pursuant to RBR 1455.2(a), The Renegotiation Board has exempted from renegotiation all contracts between the Department of Defense and its constituent Military Departments and your company, CAT Incorporated, for the years 1952, 1953, 1954, 1955, and 1956.

Very truly yours,

Thomas Coggeshall
THOMAS COGGESHALL
Chairman

*Copied for -
President - TPE 4/11/56*

CAT Treasurer/Comptroller - (VIA PRES) - TPE 4/11/56

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